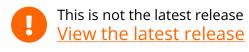


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Wage Price Index, Australia

The WPI measures changes in the price of labour, unaffected by compositional shifts in the labour force, hours worked or employee characteristics

Reference period June 2022

Released 17/08/2022

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Key statistics

In June quarter 2022 the seasonally adjusted WPI:

- Rose 0.7% this quarter and 2.6% over the year.
- The private sector rose 0.7% and the public sector rose 0.6%.

Wage Price Index (WPI) Total hourly rates of pay excluding bonuses

	Mar Qtr 2022 to Jun Qtr 2022 % change	Jun Qtr 2021 to Jun Qtr 2022 change	2 %
Trend(a)			
Australia		0.6	2.6
Private sector		0.7	2.7
Public sector		0.6	2.4
Seasonally			
Adjusted(b)			
Australia		0.7	2.6
Private sector		0.7	2.7
Public sector		0.6	2.4
Original			
Australia		0.6	2.6
Private sector		0.7	2.7
Public sector		0.4	2.4

- a. See Interpretation of index numbers, Trend estimates on the Methodology page
- b. See Interpretation of index numbers, Seasonally adjusted indexes and Seasonal analysis on the Methodology page

What's new this quarter

Reinstatement of trend series

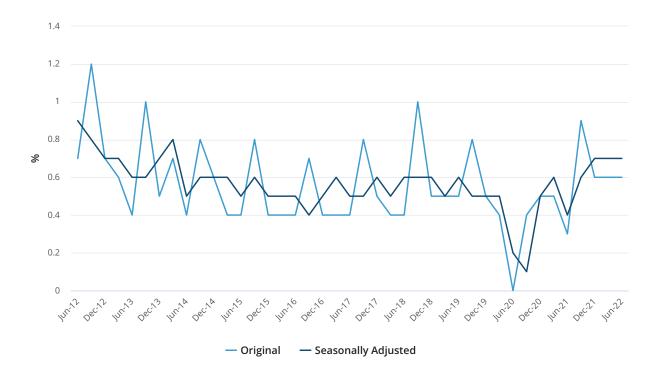
The trend series for Wage Price Index has been reviewed and reinstated.

Further details about the reinstatement of trend are available in the <u>Survey impacts</u> and <u>changes</u> (/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/jun-2022#survey-impacts-and-changes) section below.

Overview

Seasonally adjusted quarterly wages grew by 0.7% for the third consecutive quarter.

Quarterly changes, total hourly rates of pay excluding bonuses



The private sector was the main driver of wages growth over the quarter.

The average size of wage rises within the private sector was a notable factor influencing wages growth.

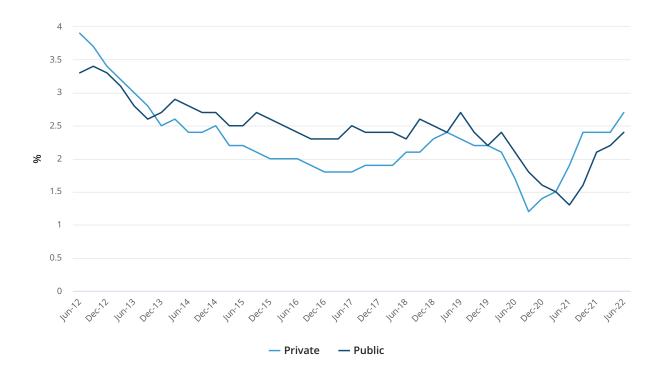
Jobs in the Construction (1.4%) and Professional, scientific and technical services (0.7%) industries were the main contributors to growth.

Sector wage growth

Private sector wages rose 2.7% over the year to June quarter 2022, the highest seasonally adjusted rate of growth for the sector since September 2013.

Public sector wages rose 2.4% over the year. This is the fourth consecutive quarter in which the rate of growth has increased, as adjustments to State and Federal wage policies in response to the pandemic continued to unwind.

Annual wage growth by sector, seasonally adjusted



Drivers of wage growth

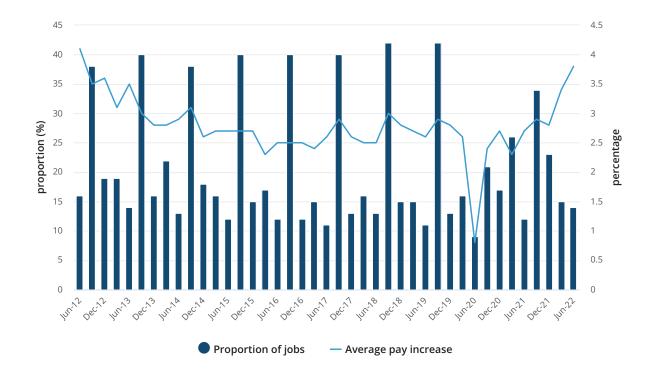
A higher proportion of private sector jobs received a wage increase compared to recent June quarters.

The average size of wage rises in the private sector grew quickly over the last two quarters, and at 3.8% this quarter was the highest average increase recorded since June 2012.

Demand for skilled jobs over the last 12 months has continued to build wage pressure across a broad range of industries and jobs, reflected in the increasing size of pay rises.

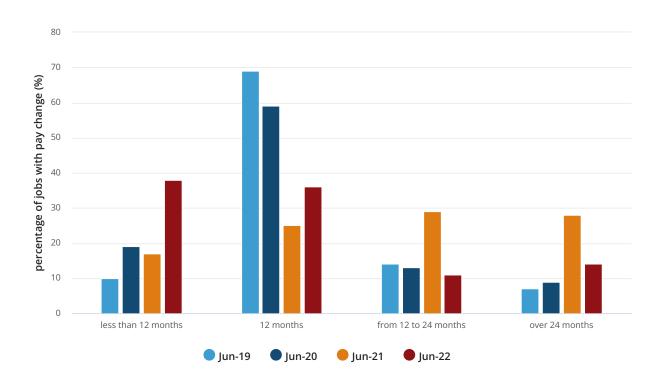
The average pay rise in June quarter 2022 was mostly driven by a combination of in-demand market sensitive jobs and enterprise agreements linked to the Consumer Price Index (CPI). Award jobs are expected to receive wage rises after June quarter 2022, as scheduled in the Fair Work Commission Annual Wage Review decision 2021-22.

Components of wage growth in the private sector



Focusing on the market sensitive jobs in the private sector, a growing proportion of these recorded wages rises (17%) in June quarter 2022 compared to previous June quarters (13% in 2021 and 8% in 2020, the start of the pandemic). Looking at the time between pay rises, 74% of the jobs receiving a pay rise in June quarter 2022 recorded at least one rise in the last year. Compared to previous June quarters a significantly higher proportion of those jobs recorded more than one pay rise in the last 12 months.

Time since last pay change for jobs under individual arrangements, private sector



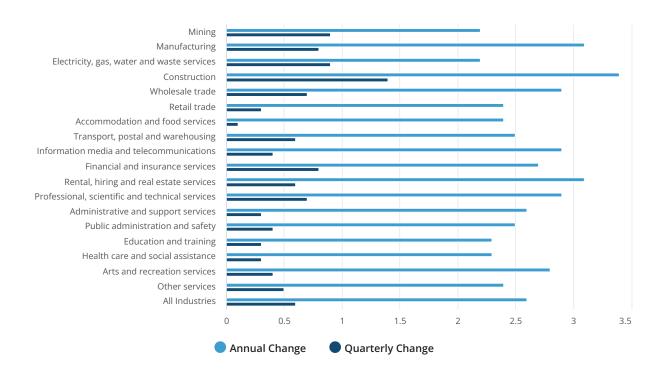
Footnote: graph relates to jobs recording a pay rise in each June quarter.

Industry wage growth

Original estimates:

- Construction recorded the highest quarterly (1.4%) and annual rise (3.4%) in wages. This was the highest quarterly rate for the industry since June quarter 2008 and the highest annual rate of growth since December quarter 2012.
- Accommodation and food services recorded the lowest quarterly rate of growth (0.1%).
- Mining and Electricity, gas, water and waste services recorded the lowest through the year wage growth (2.2%).

Annual and quarterly changes, original, total hourly rates of pay excluding

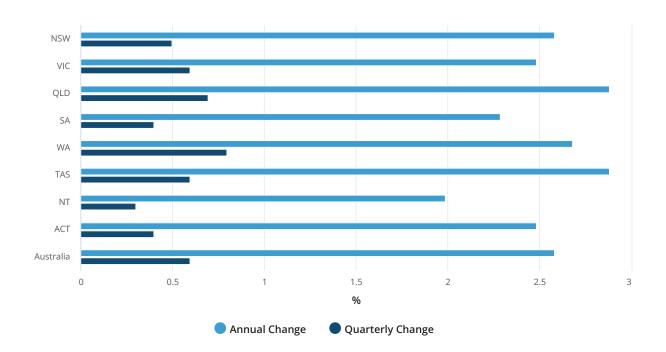


State and territory wage growth

Original estimates:

- Western Australia recorded the highest quarterly rise of 0.8%.
- Queensland and Tasmania delivered the strongest annual growth of 2.9%. This was the highest rate of annual growth for Queensland since March quarter 2013.
- The Northern Territory continues to record the lowest quarterly growth rate at 0.3%, and the lowest through the year rate of growth at 2.0%.

Annual and quarterly changes, original, total hourly rates of pay excluding bonuses - states and territories



Survey impacts and changes

Update on seasonal adjustment and trend

In June 2020, due to the large and unusual impact of COVID-19 on the economy, the private and All Sector series of the Wage Price Index were moved to the "forward factors" method for seasonal adjustment. This method (as described in the article on Methods changes due to COVID-19 (/articles/methods-changes-during-covid-19-period#abs-trend-and-seasonal-adjustment-during-covid-19).) is better suited in an uncertain environment as the seasonal factors are fixed for a 12 month period. The public sector series remained using the "concurrent" adjustment method, as the disruption was not observed in this sector. The trend estimates were suspended for all series at this time.

The ABS recently completed their annual review of seasonal adjustment in the WPI and as a result will be reverting all series to "concurrent" adjustment, as the series have now

stabilised. The ABS will also be reinstating the trend estimates for all series in the WPI.

Data downloads

I-Note

The wage price indexes in Tables 1, 2b, 3b, 4b, 5b, 7b, 8b and 9b are updated and released every quarter. The corresponding financial year wage price indexes in Tables 2a, 3a, 4a, 5a, 7a, 8a and 9a are updated and released each June quarter for the preceding financial year. There are no financial year indexes created for Table 1.

Time series spreadsheets

业 Download all (1.15 MB)

Table 1. Total hourly rates of pay excluding bonuses: sector, original, seasonally adjusted and trend

<u> → Download XLSX</u>

[63.85 KB]

Table 2a. Total hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

↓ Download XLSX

[51.21 KB]

Table 2b. Total hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

<u> → Download XLSX</u>

[65.18 KB]

Table 3a. Total hourly rates of pay excluding bonuses: private sector by state, original (financial year index numbers for year ended June quarter)

<u> → Download XLSX</u>

[<u>51.2 KB</u>]

Table 3b. Total hourly rates of pay excluding bonuses: private sector by state, original (quarterly index numbers)

<u> → Download XLSX</u>

[65.22 KB]

Table 4a. Total hourly rates of pay excluding bonuses: public sector by state, original (financial year index numbers for year ended June quarter)

▶ Download XLSX

[51.24 KB]

Table 4b. Total hourly rates of pay excluding bonuses: public sector by state, original (quarterly index numbers)

<u> ▶</u> Download XLSX

[65.64 KB]

Table 5a. Total hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

<u> → Download XLSX</u>

[75.6 KB]

Table 5b. Total hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

<u> → Download XLSX</u>

[144.02 KB]

Table 7a. Hourly rates of pay including bonuses: sector, original (financial year index numbers for year ended June quarter)

▶ Download XLSX

[49.08 KB]

Table 7b. Hourly rates of pay including bonuses: sector, original (quarterly index numbers)

▶ Download XLSX

[58.39 KB]

Table 8a. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

<u>▶</u> Download XLSX

[<u>51.2 KB</u>]

Table 8b. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

<u> → Download XLSX</u>

[65.26 KB]

Table 9a. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

<u> → Download XLSX</u>

[75.53 KB]

Table 9b. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

↓ Download XLSX

[143.95 KB]

All WPI series: original (quarterly index numbers)

▶ Download XLSX

[136.43 KB]

All WPI Series: original (financial year index numbers for year ended June quarter)

↓ Download XLSX

[86.99 KB]

Data cubes - 6345.0 Distribution of expenditure on wages, wage price index, Australia

▶ Download XLSX

[159.02 KB]

Create your own tables and visualisations with Data Explorer

Caution: Data in Data Explorer is currently released after the 11:30am release on the ABS website. Please check the reference period when using Data Explorer.

Wage Price Index (https://explore.data.abs.gov.au
/vis?fs[0]=ABS%20Topics%2C1%7CECONOMY%23ECONOMY
%23%7CPrice%20Indexes%20and%20Inflation%23PRICE_INDEX_INFLATION%23&pg=0&
fc=ABS%20Topics&df[ds]=ABS_ABS_TOPICS&df[id]=WPI&df[ag]=ABS&df[vs]=1.0.0&pd=2020Q1%2C2021-Q2&dq=.THRPEB..TOT..AUS.Q&ly[cl]=MEASURE&ly[rw]=TIME_PERIOD&
ly[rs]=TSEST%2CSECTOR&lo=1)

For information on Data Explorer and how it works, see the <u>Data Explorer user guide</u> (/about/data-services/data-explorer/data-explorer-user-guide).

Previous catalogue number

This release previously used catalogue number 6345.0.

Using price indexes

Price indexes in contracts

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis. Price indexes are also often used in

contracts by businesses and government to adjust payments and/or charges to take account of changes in categories of prices (Indexation Clauses).

<u>Use of Price Indexes in Contracts (https://www.abs.gov.au/websitedbs/D3310114.nsf</u> /home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts) sets out a range of issues that should be taken into account by parties considering the inclusion of an Indexation Clause within a contract utilising an ABS published price index.

Frequently asked questions

The <u>Wage Price Index FAQs (https://www.abs.gov.au/websitedbs/D3310114.nsf</u> /home/Wage+Price+Indexes+FAQs) page has answers to a number of common questions to do with price indexes and the Wage Price Index, in particular.

Methodology

Wage Price Index, Australia methodology, June 2022